



Tasmanian Renewable Energy Alliance

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Response to the Draft Renewable Energy Coordination Framework

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Summary

TREA welcomes the opportunity to comment on the Draft Renewable Energy Coordination Framework (dRECF). We apologise for the late submission of these comments and hope that they can still be considered in the development of the final Renewable Energy Coordination Framework.

TREA supports several of the new commitments in the dRECF, in particular:

- The analysis of implementation or coordination mechanism (1.1.1)
- The coordination of community benefit schemes within Renewable Energy Zones (REZs) (3.1.1)
- The possible extension of community benefit schemes to cover transmission and pumped hydro developments by state GBEs (p.23)

Our key requests are that:

- Future Tasmanian documents on renewable electricity policy acknowledge the distinction between electricity generation and total energy use.
- Tasmanian policy on renewable electricity is placed in the context of state and national policies to reduce greenhouse gas emissions in line with Australia's commitment to the Paris Agreement.
- No further commitments of support for new renewable electricity investment should be provided by the state government or energy GBEs until the proposed review of implementation and coordination mechanisms (1.1.1) is completed and made public.
- The final version of the Renewable Energy Coordination Framework should spell out in more detail what impact the proposed developments will have on electricity prices for consumers on regulated tariffs.
- The final version of the Renewable Energy Coordination Framework should spell out in more detail how it will facilitate community energy projects.

About TREA

The Tasmanian Renewable Energy Alliance represents solar sales and installation companies in Tasmania, as well as other developers of small scale renewable energy project. We provide services to members and a united voice for the renewable energy industry in dealing with government and regulatory agencies. Our broader aims also include promoting the development and use of renewable energy in Tasmania.

Energy vs electricity vs emissions

The dRECF is misleading by not making a distinction between total energy use and electricity generation.

All of the following statements in fact relate to electricity, not energy:

- "Tasmania is now 100 per cent self-sufficient in renewable energy ..." (p.1)
- "In November 2020, we celebrated a significant achievement by reaching 100 per cent self-sufficiency in renewable energy generation." (p.5)
- "Having already achieved 100 per cent self-sufficiency in renewable energy generation..." (p.14)

The distinction between energy and electricity is not made at all in the DRECF and is only acknowledged in the final FAQ in the source reference at https://renewabletasmania.tas.gov.au/100_target_achievement where it says "The target relates only to renewable sources for electricity generation. Gas and other fuel sources still have a place while they are the most practical and economic options, particularly for direct heat and for transport."

As pointed out in the TREA response to the draft Tasmanian Renewable Energy Action Plan (TREA 2020), it is likely that energy from fossil fuels (liquid fuels, coal and gas) is a greater proportion of total energy use in Tasmania than renewable sources (wind and hydro).

It is clear that the Renewable Energy Action Plan and the Renewable Energy Coordination Framework are about industry development and encouraging jobs and investment, and not a policy response to the need for emissions reduction.

It is disappointing that the dRECF makes literally no mention of the 'carbon', 'emissions', 'climate' or 'greenhouse' and no mention of the process currently underway to review the Tasmanian Climate Change Act. The latter process provides an avenue to look at the strengths and limitation of increased renewable electricity generation in being able to reduce greenhouse gas emissions in Tasmania.

Support mechanisms

We welcome the commitment in the dRECF analysis of implementation or coordination mechanism (1.1.1).

As outlined in the TREA response to the draft Tasmanian Renewable Energy Action Plan (TREA 2020, p.3) we are concerned that mechanisms used to date to encourage additional renewable electricity generation lack transparency and it is not clear that they are the most cost effective way to facilitate new developments.

No further commitments of support for new renewable electricity investment should be provided by the state government or energy GBEs until this review is completed and made public.

Impact on electricity prices

The dRECF seeks to support "Lower wholesale electricity prices in the NEM" (p.3).

Separately the state government has set a target to "Ensure regulated electricity prices remain affordable with the target to achieve the lowest regulated electricity prices in the NEM by 2022" (TasGov 2020, p.14).

While it is clear that at the NEM level, increased renewable electricity generation is placing downward pressure on wholesale electricity prices (Mazengarb 2021), it is not clear how the development of Marinus Link and the encouragement of additional large scale renewable electricity generation in Tasmania will reduce costs for Tasmanians on regulated electricity tariffs.

Factors that need to be addressed before it can be claimed that additional renewable electricity generation in Tasmania will benefit Tasmanian electricity consumers are:

- Increased interconnection between Tasmania and the rest of the NEM in a competitive market will tend to bring Tasmanian wholesale prices closer to the NEM average.
- Unless 100% of the cost of Marinus Link is met from the mainland and there is no explicit or implicit subsidy of new generation investment, at least some of the cost of these developments will be met by Tasmanian citizens or electricity consumers.
- Wholesale energy costs are only about a third of the cost of electricity bought by customers on regulated tariffs. Retailing, transmission and distribution costs also need to be addressed to create sustainable reductions in electricity costs for consumers.
- Ultimately, consumers are concerned about the cost of their electricity bill, not the comparison of tariff rates. Energy efficiency, local solar PV and behavioural changes are much more effective than increased central generation in reducing total electricity bills.

Support for local initiatives

The dRECF focussed very much on the encouragement of large scale renewable electricity investment.

We note the commitment to “Fostering opportunities to deliver social outcomes from renewable projects such as alliances with not-for-profits or community energy projects.” (3.1.2). There is certainly an important role for community engagement and potential joint ownership in large scale renewable electricity projects.

However most of the opportunities for community energy projects are at a much smaller scale and we hope that the final version of the Renewable Energy Coordination Framework can spell out in more detail what mechanisms will be used to support community energy projects at all scales.

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